**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER:** **1346[NW1716E]**

**1346. Mr G G Hill-Lewis (DA) to ask the Minister of Finance:**

(1) What total amount of the announced Covid-19 R 200 billion government-secured loan scheme has thus far been deployed by banks;

(2) whether he has found the pace of the lending to be satisfactory; if not,

(3) whether any design modifications are being considered to encourage banks to deploy the scheme; if not, what is the position in this regard; if so, what modifications are being considered?

 NW1716E

**REPLY**:

1. The latest information provided to the National Treasury by the Banking Association of South Africa (BASA) is that, as at 25 July 2020, participating South African banks have provided a cumulative R44.85 billionin total financial relief and loan guaranteesto South African businesses and individuals who are financially distressed due to the Covid-19 pandemic and national lockdown. This includes R12,79 billion in loans extended under the Covid-19 Loan Guarantee Scheme. The balance is non-guaranteed financial relief that banks have voluntarily offered to their customers, including R19,18 billionto individuals and R12,88 billion to commercial and small and medium enterprises.
2. The initial update of the Covid-19 Loan Guarantee Scheme appeared to be slow, however it should be seen within the context of the initial relief granted by the banks (debt restructuring, repayment holidays and similar relief) before the credit guarantee scheme took effect.
3. Yes, the modifications have been considered and effected on 27 July 2020. This includes a longer payment holiday (increased to a maximum of 1 year after taking out the loan and repayment over five years) and offering business “restart” loans.The previous turnover cap has been removed and replaced with a maximum amount of R100m per loan. Previously the customer had to be in good standing with their bank on 29 February 2020 and this has been moved to 31 December 2019, which allows for more businesses to access the loan. Sole proprietors are now explicitly included. No security or suretyship was required and this was further clarified to still not be a requirement. Banks may reconsider applications declined under the first phase.The press statement that was issued by National Treasury, the Banking Association of South Africa and the South African Reserve Bank on 26 July 2020 provides more details, and can be accessed on the treasury website at:http://www.treasury.gov.za/comm\_media/press/2020/20200726%20Media%20statement%20-%20Updated%20Loan%20Guarantee%20Scheme.pdf